

## Message Text

PAGE 01 STATE 138168

67

ORIGIN STR-04

INFO OCT-01 EUR-12 EA-06 IO-10 ISO-00 SIL-01 SSO-00 NSCE-00

INRE-00 USIE-00 AF-06 ARA-06 NEA-10 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 PRS-01 SP-02 OMB-01

(ISO)R

DRAFTED BY STR:HWILLIAMS:RCF

APPROVED BY STR:AWWOLFF

USDA:RSIMPSON

USDA:GWHITE

TREAS:MFELDMAN

COMMERCE:DSCHLECHTY

LABOR:FLAVALLEE

STATE:TO'HERRON

STATE:FSPILLMAN

----- 024700

O 122347Z JUN 75

FM SECSTATE WASHDC

TO USDEL MTN GENEVA IMMEDIATE

INFO USMISSION EC BRUSSELS IMMEDIATE

AMEMBASSY CANBERRA IMMEDIATE

AMEMBASSY WELLINGTON IMMEDIATE

LIMITED OFFICIAL USE STATE 138168

E.O. 11652:N/A

TAGS: ETRD, MTN

SUBJECT: U.S. POSITION FOR MTN MEAT SUBGROUP MEETING JUN 16

### 1. PROBLEM

MAJOR OBJECTIVES OF THE U.S. IN THE FIRST MEETING OF THE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 138168

AGRICULTURE COMMITTEE MEAT SUBGROUP ARE TO: (1) IMPRESS  
UPON OTHER COUNTRIES THE IMPORTANCE THE U.S. PLACES ON TRADE  
LIBERALIZATION AND SUSTAINED MARKET ACCESS FOR MEAT, MEAT  
PRODUCTS AND LIVE ANIMALS; (2) ENSURE THAT ANY WORK PROGRAM

ADOPTED BY THE SUBGROUP IS NOT PREJUDICED IN FAVOR OF THE MARKET ORGANIZATION (QUOTE CONCERTED DISCIPLINE UNQUOTE) APPROACH FAVORED BY THE EC BUT INCLUDES PROVISION FOR AN EXAMINATION OF ALL ELEMENTS AFFECTING TRADE IN MEAT, MEAT PRODUCTS AND LIVE ANIMALS; AND (3) REITERATE THAT THE U.S. INTENDS TO SEEK COMMON TRADING RULES FOR INDUSTRY AND AGRICULTURE TO THE MAXIMUM EXTENT POSSIBLE AND IN THIS CONTEXT EXPECTS MEASURES AFFECTING QUOTE MEAT UNQUOTE WILL BE DISCUSSED IN OTHER APPROPRIATE GROUPS AS WELL AS IN THE MEAT SUBGROUP.

## 2. U.S. POSITION

(1) THE DELEGATE SHOULD PROPOSE THAT THE SUBGROUP SEEK AGREEMENT ON THE KEY PROBLEMS IN THIS SECTOR BEFORE ADDRESSING ITSELF TO THE QUESTION OF A NEGOTIATING FRAMEWORK. SPECIFICALLY, THE DELEGATION MAY SUGGEST A WORK PROGRAM TO CONSIDER THE SPECIFIC CHARACTERISTICS AND PROBLEMS OF TRADE IN MEAT AND MEAT PRODUCTS AND LIVE ANIMALS, AND THE MAJOR TRADE BARRIERS, AND TECHNIQUES AND MODALITIES FOR DEALING WITH THOSE BARRIERS, THAT HAVE ALREADY BEEN IDENTIFIED BY THE GATT AGRICULTURE COMMITTEE.

THE DELEGATION MAY PROPOSE THAT SUCH AN EXAMINATION OF TRADE BARRIERS OF MAJOR MEAT EXPORTING AND IMPORTING COUNTRIES BE CONCLUDED AS EARLY AS POSSIBLE. IF THIS IS AGREED, THE SECRETARIAT SHOULD BE ASKED TO SUBMIT A REPORT ON WHICH THE EXAMINATION WOULD BE BASED AT SUBSEQUENT MEETINGS OF THE SUBGROUP.

(2) AS IN THE GRAINS SUBGROUP, THE DELEGATE SHOULD PLAY AN ACTIVE ROLE TO ENSURE THAT THE EC AND OTHER DELEGATIONS FAVORING A MARKET ORGANIZATION APPROACH TO THE WORK OF THE SUBGROUP DO NOT SUCCEED IN SO ORIENTING THE WORK PROGRAM. THE DELEGATE SHOULD, THEREFORE, DRAW ON THE DISCUSSION BELOW TO EMPHASIZE THE IMPORTANCE OF TRADE LIBERALIZATION IN THIS SECTOR.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 138168

(3) AS FOR PRODUCT COVERAGE, THE DELEGATE MAY STATE THAT THE TERMS OF REFERENCE NEED NOT BE LIMITED AT THIS STAGE AND THAT COUNTRIES SHOULD REMAIN FREE TO RAISE ISSUES RELATING TO ANY QUOTE MEAT UNQUOTE CATEGORY THEY DEEM TO BE IMPORTANT. HOWEVER, AT THE OUTSET, THE SUBGROUP MIGHT ADDRESS ITSELF SPECIFICALLY TO BOVINE MEAT (PARTICULARLY BEEF AND VEAL) WHICH ACCOUNTS FOR THE MAJOR INTERNATIONAL TRADE FLOWS AND WHICH HAS RECENTLY BEEN SUBJECTED TO SIGNIFICANT TRADE DISRUPTION FROM RESTRICTIVE TRADE POLICIES. EDIBLE PRODUCTS SUCH AS OFFALS AND VARIETY MEATS WOULD APPEAR TO BE INCLUDED IN THE CONCEPT OF QUOTE MEAT UNQUOTE, WHEREAS INEDIBLE PRODUCTS, SUCH AS HIDES, FATS, OILS AND

GREASES, WOULD NOT.

(4) AS IN THE GRAINS SUBGROUP MEETING, THE DELEGATE SHOULD EMPHASIZE THE U.S. VIEW THAT IT WILL BE MOST VALUABLE, FROM THE STANDPOINT OF THE OVERALL TOKYO DECLARATION OBJECTIVES OF EXPANDING AND LIBERALIZING TRADE, TO SEEK TO THE MAXIMUM EXTENT POSSIBLE, COMMON TRADING RULES FOR INDUSTRY AND AGRICULTURE. IN THE CASE OF MEAT, FOR EXAMPLE, THE EVENTS OF THE PAST YEAR HAVE DEMONSTRATED THE NEED FOR AN IMPROVED GENERAL MECHANISM RELATING TO SAFEGUARDS. THE U.S. IS STRONGLY SUPPORTING THE WORK OF THE MTN GROUP ON SAFEGUARDS IN THIS REGARD.

(5) THE DELEGATE MAY, AS APPROPRIATE, TAKE NOTE OF THE-NEWLY-ESTABLISHED GATT CONSULTATIVE GROUP ON MEAT AND INDICATE THAT THE U.S. BELIEVES THAT THIS GROUP CAN SERVE A USEFUL FUNCTION BY BRINGING COUNTRIES TOGETHER TO

EXCHANGE INFORMATION AND DISCUSS NEAR AND MEDIUM TERM TRENDS. THIS CAN CONSTITUTE AN IMPORTANT COMPLEMENT TO THE NEGOTIATION OF BINDING COMMITMENTS ON TARIFF AND LEVY PROTECTION, MARKET ACCESS, SAFEGUARDS, EXPORT ASSISTANCE, AND OTHER MATTERS RELATED TO TRADE LIBERALIZATION IN THE MTN.

#### DISCUSSION

1. WORLD TRADE IN MEAT AND MEAT PRODUCTS AND LIVE ANIMALS HAS INCREASED SIGNIFICANTLY DURING THE PAST DECADE. FOR LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 04 STATE 138168

BEEF AND VEAL, THE MAJOR MEATS MOVING IN INTERNATIONAL TRADE, WORLD TRADE TOTALED 3.4 MILLION METRIC TONS (CARCASS WEIGHT EQUIVALENT) IN 1973--A 60 PERCENT INCREASE FROM 1964. U.S. IMPORTS HAVE ACCOUNTED FOR ABOUT 27 PERCENT OF WORLD BEEF AND VEAL TRADE IN RECENT YEARS.

2. U.S. EXPORTS OF LIVESTOCK AND EDIBLE MEAT AND MEAT PRODUCTS (POULTRY, BEEF AND PORK, INCLUDING OFFALS AND VARIETY MEATS) AMOUNTED TO \$492 MILLION DOLLARS IN 1973 (438 MILLION DOLLARS IN 1974). U.S. IMPORTS OF THE SAME CATEGORIES TOTALED 1.9 BILLION DOLLARS IN THE SAME YEAR (1.5 BILLION DOLLARS IN 1974). THUS, THE U.S. HAS A SUBSTANTIAL DIRECT EXPORT INTEREST AND, AS THE SECOND LARGEST WORLD IMPORTER, A MAJOR INTEREST IN WORLD TRADE. SINCE THE LIVESTOCK SECTOR (EXCLUDING DAIRY) ACCOUNTS FOR 46 PERCENT OF U.S. FARM INCOME, THE U.S. HAS A SUBSTANTIAL INTEREST IN TRADE LIBERALIZATION WHICH WOULD REDUCE THE LIKELIHOOD OF DISRUPTION OF THE DOMESTIC MARKET FROM TRADE-DISTORTING MEASURES OF OTHER COUNTRIES.

3. ACTIONS TAKEN BY OTHER COUNTRIES DURING THE PAST YEAR AND A HALF TO EMBARGO OR RESTRICT IMPORTS, WITH THE POTENTIAL OF DIVERTING WORLD SUPPLIES TO THE U.S., HAVE THEREFORE BEEN OF GREAT CONCERN. PARTICULARLY DISTURBING, AND INDICATIVE OF THE NEED FOR SIGNIFICANT LIBERALIZATION AND BINDING COMMITMENTS ON REASONABLE MARKET ACCESS, WAS THE SEVERITY OF THE RESTRICTIONS ENACTED. THE LARGEST MEAT IMPORTING ENTITY IN THE WORLD, THE EC, TOOK A VARIETY OF MEASURES, INCLUDING AN ELEVEN MONTH VIRTUAL BAN ON CATTLE AND BOVINE MEAT IMPORTS, WHICH REDUCED IMPORTS IN 1974 TO ONLY ABOUT 280,000 METRIC TONS COMPARED TO 990,000 METRIC TONS IN THE PRECEDING YEAR (A 72 PERCENT REDUCTION). THE U.S. ESTIMATES THAT THE AD VALOREM EQUIVALENT OF COMBINED EC VARIABLE LEVIES AND DUTIES ON MEAT (CARCASS BASIS) REACHED AS HIGH AS 70 PERCENT (AND NEVER WAS BELOW 46 PERCENT) IN THE SECOND QUARTER OF 1974; BUT EVEN THIS EXTRAORDINARY LEVEL OF PROTECTION WAS SUPERSEDED BY EMBARGO MEASURES. THESE MEASURES WERE TAKEN

WITHOUT PRIOR CONSULTATION AND WITHOUT OFFER OF COMPENSATION TO AFFECTED COUNTRIES. THE RECENT MODIFICATION OF LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 05 STATE 138168

THE EMBARGO TO PERMIT THE IMPORTATION OF BEEF CONDITIONED ON THE EXPORT OF AN EQUIVALENT AMOUNT OF BEEF IS SIGNIFICANT. JAPAN'S TERMINATION OF BEEF IMPORT LICENSING DURING THE PAST 16 MONTHS HAS ALSO HAD A MAJOR DISRUPTIVE EFFECT, DENYING ACCESS TO 250 MILLION DOLLARS OF MEAT FROM EXPORTERS ALREADY SUFFERING SURPLUS AVAILABILITIES. IMPORT QUOTAS ENACTED BY CANADA IN 1974 WITHOUT PRIOR CONSULTATION ALSO HAD A SIGNIFICANT IMPACT ON THE U.S. BECAUSE OF THE PROXIMITY AND DEGREE OF INTEGRATION OF THE TWO COUNTRIES' LIVESTOCK AND MEAT SECTORS. U.S. RETALIATORY QUOTAS AGAINST CANADA ENACTED IN NOVEMBER 1974 WERE AIMED SOLELY AT OBTAINING THE REMOVAL OF THESE UNJUSTIFIABLY SEVERE RESTRICTIONS.

4. THE NET EFFECT OF THESE RESTRICTIVE MEASURES ON THE PART OF MAJOR IMPORTING COUNTRIES WAS A SHIFTING OF THE BURDEN OF ADJUSTMENT TO A TEMPORARY WORLD SURPLUS OF MEAT SUPPLIES, FIRST TO EXPORTING COUNTRIES, AND LATER TO OTHER IMPORTING COUNTRIES WHICH WERE ATTEMPTING TO MAINTAIN LIBERAL TRADING POLICIES. IN 1974, IN SPITE OF THE ACTIONS OF OTHER COUNTRIES, THE U.S. REFRAINED FROM ENACTING MEAT IMPORT RESTRICTIONS. FALLING DOMESTIC MEAT PRICES MADE THE U.S. MARKET RELATIVELY UNATTRACTIVE AND 1974 TOTAL RED MEAT IMPORTS DECLINED 17 PERCENT FROM THE PRECEDING YEAR (TO 734,000 METRIC TONS, PRODUCT WEIGHT BASIS). HOWEVER, WITH OTHER IMPORT MARKETS REMAINING RESTRICTED AND LIVESTOCK NUMBERS BUILDING UP IN EXPORTING COUNTRIES, THE U.S. UNDERTOOK CONSULTATIONS EARLY IN 1975 WITH

SUPPLYING COUNTRIES ON A PROGRAM OF VOLUNTARY EXPORT RESTRAINTS. ON THIS BASIS, THE SECRETARY OF AGRICULTURE ANNOUNCED ON MARCH 31 THAT 1975 U.S. IMPORTS OF FRESH, CHILLED AND FROZEN MEAT (PRIMARILY BEEF AND VEAL) WERE ESTIMATED AT 1,180 MILLION POUNDS (535,000 METRIC TONS). THIS REPRESENTED A 9 PERCENT INCREASE IN IMPORTS OVER 1974 WHEN NO RESTRICTIONS WERE IN EFFECT. THE U.S. CONTINUES TO HAVE AN OPEN MARKET (EXCEPT FOR RETALIATORY QUOTAS AGAINST CANADA) FOR OTHER TYPES OF IMPORTED MEAT (COOKED AND PRESERVED BEEF, FRESH AS WELL AS COOKED PORK, LAMB, AND POULTRY, ETC.) WHICH IN 1974 HAD A VALUE OF 575 MILLION DOLLARS AND AMOUNTED TO 44 PERCENT OF TOTAL U.S. MEAT IMPORTS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 06 STATE 138168

5. THE U.S. MEAT IMPORT LAW (PL 38-482) MAY BE CRITICIZED BY SOME COUNTRIES AS AN INDICATION THAT THE U.S. ALSO HAS MEAT IMPORT RESTRICTIONS AND THAT THIS TYPE OF LEGISLATIVE RESTRICTION CANNOT BE NEGOTIATED IN THE MTN. HOWEVER, THE SECRETARY OF AGRICULTURE HAS STATED THAT THE U.S. IS

WILLING TO PUT ALL OF ITS AGRICULTURAL RESTRICTIONS ON THE TABLE IF OTHER COUNTRIES WILL DO THE SAME. MOREOVER THE 1964 LAW SETS A FAR MORE LIBERAL MEAT IMPORT POLICY FOR THE U.S. THAN OTHER MAJOR IMPORTING COUNTRIES HAVE FOLLOWED. UNDER THE LAW, IMPORT QUOTAS CANNOT BE SET BELOW A BASE QUOTA WHICH IS ADJUSTED ANNUALLY TO REFLECT CHANGES IN DOMESTIC MEAT PRODUCTION. THIS MINIMUM BASE QUOTA HAS THUS INCREASED FROM 725 MILLION POUNDS (329,000 METRIC TONS) IN 1965 TO 1,075 MILLION POUNDS (488,000 METRIC TONS) THIS YEAR. IN FACT, HOWEVER, THE U.S. HAS NEVER IMPOSED QUOTAS AT THE MINIMUM LEVEL BUT HAS OFTEN UTILIZED PROVISIONS IN THE LAW THAT PERMIT THE PRESIDENT TO WAIVE QUOTA RESTRICTIONS. THUS UNDER THE LAW, ACTUAL U.S. IMPORTS INCREASED FROM 614 MILLION POUNDS (278,000 METRIC TONS) IN 1965 TO 1,356 MILLION POUNDS (615,000 METRIC TONS) IN BOTH 1972 AND 1973 -- AN AVERAGE INCREASE OF OVER TEN PERCENT PER YEAR. IN 1974, WHEN OTHER MAJOR IMPORTING COUNTRIES WERE SEVERELY RESTRICTING IMPORTS (EC MEASURES REDUCED 1974 IMPORTS TO ONLY 30 PERCENT OF THE LEVEL OF THE 1970-73 PERIOD), THE U.S. MAINTAINED NO RESTRICTIONS OF ANY KIND, AND IMPORTS AMOUNTED TO 86 PERCENT OF THE LEVEL DURING 1970-73. IN 1975, THROUGH A PROGRAM OF VOLUNTARY EXPORT RESTRAINT AGREEMENTS WITH SUPPLYING COUNTRIES, U.S. IMPORTS ARE ESTIMATED AT 94 PERCENT OF THE LEVEL OF IMPORTS DURING THE 1970-73 PERIOD.

6. THE MTN COULD MAKE A SIGNIFICANT CONTRIBUTION TO ENHANCING THE FUTURE STABILITY OF THE WORLD LIVESTOCK AND MEAT ECONOMY IF A SIGNIFICANT MEASURE OF TRADE LIBERALIZATION CAN BE ACHIEVED. ASSURED ACCESS TO MAJOR IMPORT

MARKETS WOULD ENCOURAGE IMPORTING COUNTRIES TO PERMIT  
INTERNAL PRICES TO RESPOND TO WORLD PRICES AND THEREBY  
ENABLE CONSUMPTION TO RESPOND TO CHANGING MARKET CON-  
DITIONS. IN THIS WAY, IMPORTING AND EXPORTING COUNTRIES  
LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 07 STATE 138168

COULD SHARE IN, AND INCREASE THE EFFICIENCY OF, THE ADJUST-  
MENT PROCESS. THIS WOULD IN TURN DAMPEN THE EXTREME FLUC-  
TUATIONS IN PRICES THAT HAVE CHARACTERIZED THE WORLD  
MARKET IN RECENT YEARS AND WOULD ENCOURAGE AN EFFICIENT  
ALLOCATION OF RESOURCES IN WORLD LIVESTOCK PRODUCTION.

ATTACHMENT

CALCULATION OF AD VALOREM EQUIVALENTS OF EC  
VARIABLE LEVIES ON BEEF: SECOND QUARTER, 1974

THE CALCULATION OF THE AD VALOREM LEVY PLUS THE 20 PERCENT  
DUTY AS A PERCENT OF THE PRICE FOR THE EC IN THE SECOND  
QUARTER OF 1974 IS DONE AS FOLLOWS. TAKE THE REPORTED

LEVY AS OF A CERTAIN DATE, DIVIDE BY 1.9 TO GET CON-  
VERSION TO LIVELWEIGHT. SUBTRACT CONVERTED LEVY FROM  
ORIENTATION PRICE TO GET THE C.I.F. PRICE INCLUDING DUTY  
PAID. DIVIDE C.I.F. PRICE INCLUDING DUTY PAID BY 1.2 TO  
GET C.I.F. PRICE WITH NO DUTY OR LEVY. SUBTRACT C.I.F.  
PRICE WITH NO DUTY OR LEVY FROM ORIENTATION PRICE. DIVIDE  
THIS DIFFERENCE BY C.I.F. PRICE WITH NO DUTY OR LEVY TO  
DETERMINE WHAT PERCENTAGE OF PRICE IS DUTY AND AD VALOREM  
LEVIES. (TABLE TO FOLLOW). KISSINGER

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETING AGENDA, NEGOTIATIONS, COMMITTEE MEETINGS, MEATS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE138168  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** STR:HWILLIAMS:RCF  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
**Film Number:** D750205-1150  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t197506101/baaaammz.tel  
**Line Count:** 306  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Office:** ORIGIN STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 6  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 APR 2003 by ElyME>; APPROVED <04 NOV 2003 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** n/a  
**TAGS:** ETRD  
**To:** MTN GENEVA INFO EC BRUSSELS  
CANBERRA  
WELLINGTON  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006